

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Plus 1C Contracts (MC2012-6)
Negotiated Service Agreement

Docket No. CP2013-39

PUBLIC REPRESENTATIVE COMMENTS ON NOTICE CONCERNING
MODIFICATION TO GLOBAL PLUS 1C NEGOTIATED SERVICE AGREEMENT
(August 12, 2013)

The Public Representative hereby provides comments pursuant to Order No. 1798.¹ In this Order, the Commission established the above referenced docket to provide the public with notice of Modification One and receive comments from interested persons. *Order* at 2. In the original proceeding, the Postal Service requested to have an additional Global Plus 1C contracts included within the Global Plus 1C product list.² The Postal Service sought these inclusions on the grounds of functional equivalence to a previously approved baseline agreement.³ *Id.* The Global Plus 1C contract that is subject to this docket was approved by the Commission.⁴ On August 2, 2013, the Postal Service filed notice that it has entered into a modification of the original Global Plus 1C agreement.⁵

COMMENTS

The Public Representative has reviewed the Postal Service's modification request, accompanying amendments, and additional supporting financial models filed

¹ PRC Order No. 1798, Notice Concerning Modification To Global Plus 1C Negotiated Service Agreement , August 5, 2013.

² Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 1C Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, January 10, 2013.

³ See PRC Order No. 1151, Order Adding Global Plus 1C to the Competitive Product List and Approving Related Global Plus 1C Agreements, Docket Nos. MC2012-6, CP2012-12, and CP2012-13, January 19, 2012.

⁴ Order Approving Additional Global Plus 1C Negotiated Service Agreement. January 25, 2013.

⁵ Notice Concerning Modification To Global Plus 1C Negotiated Service Agreement. August 5, 2013.

separately under seal.⁶ The Commission should uphold its original ruling to include this contract, although modified, within the Global Plus 1C product.

The Commission should note the proposed modification generally incorporates two changes relating to a specific component of the original contract.⁷ The modification basically added rate stratification to international delivery points, which resulted in a decrease in volume for the specified component. The decrease in volume also decreased the Postal Service's revenues and cost coverage for the specific component and adversely affected other products in the contract. The Public Representative found that the contract's overall revenue and cost projections increased dramatically under the modification, yet, the projected total change in cost coverage is negligible. The Public Representative recommends the Commission fully explore the effect of stratifying rates based on international delivery for this and future National Service Agreements (NSAs).

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⁶ Redacted versions of supporting documents were filed with the PRC on August 2, 2013.

⁷ The purposes of the Modification are to change Annex 3 and Paragraph 7 to Article 6. The Public Representative shall maintain the confidentiality of specific components of the contract due to its sensitive nature.